

Seattle Multi-family tax exemption

PROGRAM OVERVIEW

Purpose

- Encourage the development of multifamily housing opportunities within the City of Seattle.
- Stimulate the construction of new multifamily buildings, and the rehabilitation of vacant or underutilized buildings.
- Increase the supply of housing opportunities for moderate-wage workers.
- Assist in accomplishing the planning goals required under the Growth Management Act, by increasing the supply of multifamily housing opportunities in urban growth centers.
- Contribute neighborhood development and community revitalization.
- Preserve and protect buildings of historic and cultural significance.
- Encourage the creation of both rental and homeownership housing for moderate wage workers.
- Encourage the development of mixed-income housing.

Tax Exemption Benefits

- The tax exemption is available for residential improvements.
- Land and any non-residential component of the project (retail, commercial, office space, etc.) are not eligible for the exemption and will be taxed on full assessed value.
- The property tax exemption will remain in place for a maximum of 12 years, assuming the property remains in compliance with the rules of the Program.
- The tax exemption is transferable to a new property owner as long as the new owner continues to meet the compliance requirements.

Eligibility criteria and map of target areas

- The development site must be located within the boundaries of one of 39 Homes Within Reach target areas (pdf format).
- The development must be a residential or mixed-use project with a minimum of 50% of the gross floor area for permanent residential use.
- New construction projects must have a minimum of 4 housing units.
- Rehabilitation or conversion projects must include the addition of at least 4 new housing units.
- Rehabilitation or conversion of existing buildings:
 - For vacant buildings, the residential portion shall have been vacant for at least 12 months prior to application.
 - For occupied buildings, there shall be no displacement as defined in SMC Chapter 22.210.030.

Affordability requirements: (See current income and rent limits below)

For rental projects; the tax exemption is available for all units, and

A minimum of 20% of the units must be rented to households with income:

- At or below 80% of median, for studio and 1-bedroom units
- At or below 90% of median for 2-bedroom and larger units

For homeownership projects; the tax exemption is available only for those units occupied by income-eligible households.

The units must be sold to households with income at time of purchase that do not exceed:

- 100% of median income for studio and 1-bedroom units
- 120% of median income for 2-bedroom and larger units

Code compliance and design review

- All applicable zoning, land use, and building codes must be complied with during construction and throughout the duration of the tax exemption period.
- If applicable, Special Review District, Landmark Preservation, or Historic District certificates of approval or permits must be obtained.

APPLICATION PROCESS

Generally, applications must be submitted to Seattle's Office of Housing prior to the issuance of a project's first building permit.

Exception: Applications will also be accepted if the first building permit was issued between July 22, 2007 and August 6, 2008. These applications must be submitted prior to completion of construction.

Application forms (see website):

- Seattle Homes Within Reach Application (Word format)
- NOFA Form 1, Development Budget (Excel format)
- NOFA Form 2, Preliminary Operating Pro Forma (Excel format)

Contact Amy Gray at (206) 684-0262 or amy.gray@seattle.gov for more information

CODE REFERENCES

- SMC 5.73: Multifamily Housing Property Tax Exemption Program

RULES AND OTHER PUBLICATIONS

- Directors Rule 01-2006: Calculation of Maximum Rent

ANNUAL REPORTING

- Seattle Homes Within Reach (MFTE) Annual Report Form
- Current income and rent limits